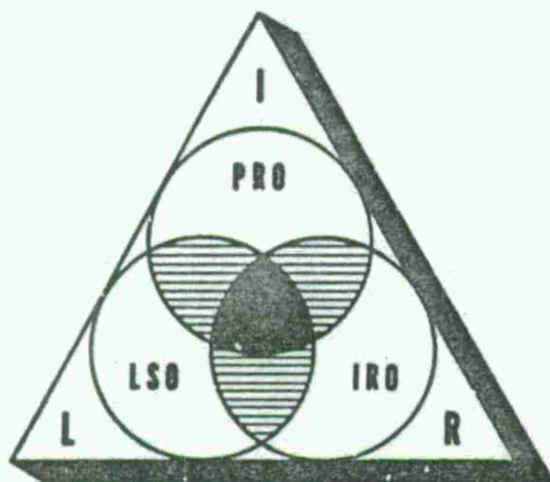


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FINAL REPORT
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IMPROVEMENTS TO THE LOSS/LOSS RECOVERY REPORTING SYSTEM



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IMPROVEMENTS TO THE LOSS/LOSS RECOVERY REPORTING SYSTEM

FINAL REPORT

BY

STEVEN GAJDALO

JUNE 1975

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AMC INVENTORY RESEARCH OFFICE
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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) For major items of equipment there is a need for loss and loss recovery data but there is no viable system to provide them. This report shows how the requisite data can be had as a by-product of the Continuous Balance System (CBS), which is a system to arrive at the world-wide asset position using transaction data. It also discusses operational deficiencies that might have an adverse effect on the quality of the data and recommends solutions.		

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SUMMARY

1. Problem and Background

For major items of equipment (i.e. RICC 1 and 2) loss and loss recovery data are needed to help substantiate current world-wide asset position (WWAP) of Army stocks. Furthermore, loss data are used in projecting future requirements on which budgets and distribution of stocks are based. Thus, there is a need for loss and loss recovery data. The problem is that there is no viable system today to provide these data.

The Army's present system for reporting retail level loss/loss recovery data for RICC 1 and 2 items is described in AR 710-3, Chapter 4. Experience shows that this system has many problems. Some of these are: gaps in system coverage; apparent duplications and/or voids in the data; questionable quality of data; and use of non-standard coding structures. Above the retail level, transaction histories are submitted to the Major Item Data Agency. These transactions contain loss and loss recovery information and are processed for purposes of the Continuous Balance System (CBS), which is a new way to arrive at the WWAP (see reference 1). They are not processed to provide requisite loss/loss recovery data for other applications such as projecting requirements because this possibility has not, until now, been investigated.

2. Objectives

- a. To determine what type of loss/loss recovery data are needed.
- b. To develop a system to provide these data.

3. Scope and Limits

This study applies to principal items covered by Chapter 4, AR 710-3. It considers a loss/loss recovery reporting system to provide data needed for computing replacement/consumption factors, the Army Materiel Plan (AMP), the Major Item Distribution Plan (MIDP), and the World-Wide Asset Position (WWAP).

4. Methodology

- a. Examine what types of loss/loss recovery data are needed.
- b. Analyze the reporting system of Chapter 4, AR 710-3.
- c. For each system that feeds transaction histories to MIDA for CBS purposes, determine if all loss and loss recoveries are included among the transactions and if there are duplications.
- d. Determine what new procedures or modifications to existing procedures, systems, and regulations are needed.

5. Findings

a. The reason for a loss is required information. Eight loss categories are adequate for this purpose. These categories are: replacement/consumption type 1, replacement/consumption type 2, proof test, conversion disposal, transfer, physical inventory and other. The two types of replacement/consumption losses are to distinguish issue losses, such as uneconomically reparable stock issued to PDO, from adjustment losses such as adjustment for stock unaccountably lost in the field. Although these loss categories appear to be self-explanatory, it is difficult to assign a unique category to a loss without a decision tree that clearly defines each category. Such a decision tree is given in Chapter 2. The information needed about a loss recovery is minimal.

b. MIDA has a pre-processor for transactions from every system that feeds CBS. The output from the pre-processors are standard records that can be subsequently processed to provide loss/loss recovery data by the required loss categories.

6. Conclusions

Requisite loss/loss recovery data can be had as a by-product of CBS. Transaction reporting for purposes of CBS can be expanded to cover all property accounts. However, some manual reporting is required on an interim basis to provide the transaction input.

There are operational system deficiencies that might have an adverse affect on the quality of the loss/loss recovery data. Chapter 4 addresses the problem and suggests possible solutions.

CHAPTER I

CURRENT SYSTEM AND PROBLEMS

1.1 Reporting Universe

The reporting universe can be subdivided into three levels: wholesale, intermediate, and field. For purposes of this report these levels are defined as follows:

- a. Wholesale - stock under NICP accountability.
- b. Intermediate level - stock under the accountability of FORSCOM/TRADOC installations and overseas ICP's.
- c. Field level - all other Army accounts.

The field level consists of retail accounts and user accounts. Retail accounts are the installation property book (PB) and stock record accounts (SRA) of non FORSCOM/TRADOC installations. They include the Army Reserve, National Guard, ROTC, hospitals of the Health Service Command, depots, arsenals, laboratories, proving grounds, ammo plants, home sites of the NICP's, Military District of Washington (MDW), and miscellaneous activities such as US Military Academy. User accounts are other than installation accounts and include accounts such as PB of company and battalion units and SRA of direct support/general support units.

1.2 Description of Loss/Loss Recovery Reporting Above the Field Level

At the wholesale and intermediate level there is no loss/loss recovery reporting per se. Instead, the NICP's, overseas ICP's, and FORSCOM/TRADOC installations submit transaction histories to MIDA for processing as needed for the Continuous Balance System (CBS). The CBS, incidentally, is described in reference (6) and (7). The transaction histories contain all the transactions that transpired since the last submission. These transactions are input to a pre-processor which creates a standard record for each transaction that increases or decreases the stock balance.

A portion of the standard record is made up of data elements created by the CBS pre-processor. Among the data elements created is the CBS transaction code, which identifies the type of transaction. For example,

code 50 is a loss/loss recovery transaction while code 30 is a shipment from transaction. The rest of the record has data that are perpetuated from the original transaction. Not all of the data elements in the original transaction are perpetuated in order to keep the standard record small. However, data elements that are needed to identify a loss/loss recovery transaction are perpetuated. These are: document identifier code, fund code, management code, condition code, ownership/purpose code, document number, supplementary address, suffix code, and quantity. MIDA has a pre-processor for each system that feeds these transactions. For the wholesale level there is a pre-processor for ALPHA transactions for the NICP's now on ALPHA (AVSCOM, TROSCOM and MICOM) and one for each NICP not now on ALPHA (ARMCOM, ECOM and TACOM). For the intermediate level there are four pre-processors: SAILS, BASOPSI, USAFMAE (Europe), and JS (USARPAC sub-commands).

1.3 Description of Loss/Loss Recovery Reporting From the Field Level

Some retail accounts (e.g. National Guard) submit transactions to MIDA for CBS purposes. MIDA has a pre-processor to process these transactions in a manner similar to the transaction processing described in the previous section. MIDA also has pre-processors to process transactions from just about all of the retail accounts that do not presently submit transactions. Efforts are underway to include these accounts in transaction reporting. For the user accounts MIDA has no pre-processors at this time.

Presently, all field level accounts are required to report under the system described in Chapter 4, AR 710-3. Those retail accounts that submit transactions are not excluded. Briefly, at the time a loss or loss recovery is posted to the accountable record, the accountable officer prepares DA Form 3906 in three copies. Copy 1 is forwarded to the activity that maintains the local command file (this copy is used in updating the equipment status reports); copy 2 is retained in the accountable property voucher file; and copy 3 is forwarded to the administrative processing element of the local command who, in turn, forwards the copy directly to MIDA

if the local command does not have or does not receive ADP support, or to the supporting Data Processing Installation (DPI) otherwise. In case of the latter, the DPI transcribes the data on a tape or card and forwards the tape or cards to MIDA via fastest available means, e.g., transceiver. Specified time frames for copy 3 are these: one day from time of preparation of DA Form 3906-R to time of forwarding to the administrative processing element; one day for processing by the administrative element; 3 days for processing by the ADP activity. Thus, excluding intransit times, MIDA should receive the loss/loss recovery report within five days. Incidentally, if the loss is incident to shipment, DA Form 3906-R is prepared by the shipping officer instead of the accountable property officer.

Use of the following loss/loss recovery codes is specified in Chapter 4, AR 710-3:

a. Loss codes for losses not incident to shipment -

- 1 - Combat loss.
- 2 - Fair wear and tear (FWT)
- 3 - Pilferage/theft/storage.
- 4 - Crash/accident/act of God.
- 5 - Modification/conversion.
- 6 - Washout.
- 7 - Transfer.

b. Loss codes for losses incident to shipment -

- 7 - Ship sinking.
- 8 - Other than ship sinking.

c. Loss recovery codes -

A - applies to recoveries of losses reported as type 1 through 5, and stock found on post that was not previously reported as a loss.

B - Recovery of a loss reported as type 6 or 7 loss not incident to shipment.

1.4 Problems

Experience shows that the reporting system of Chapter 4, AR 710-3, which became effective in December 1972, is not working. The Army Audit Agency has audited several installations with similar findings; some legitimate losses are not being reported while other transactions that are not losses are being reported as losses. Reference (9) is a typical report. There is also evidence that some activities do no reporting at all because they are unaware of the reporting requirements. The MIDA Technical Assistance Team has made some on site investigations of nine TRADOC installations and found that as of December 1974, approximately 62% of the 432 TOE units queried were not aware of the reporting system. Only part of this problem can be explained by the fact that six of the nine installations investigated had no implementing instructions. For the installations that had issued implementing instructions, approximately 32% of the active Army field units were unaware of the reporting system. More on this can be found in Reference (8).

When the Chapter 4, AR 710-3 reports do come in, some of the reports cannot be processed at MIDA because the coding is not as specified in the regulation. In these instances MIDA makes an effort to contact the delinquent units for the information they need to process the loss report. This, however, requires a considerable amount of effort and causes delays. There have also been some instances of duplicate reports.

Our analysis points out that reporting under Chapter 4, AR 710-3 has weaknesses; it is difficult and can lead to duplications. The regulation does not recognize that there are two types of losses: those with turn-ins (e.g. fair wear and tear) and those with no turn-ins (e.g. abandonment, theft). Losses with turn-ins should be reported at time of disposition and not at time of incidence. Failure to recognize this is what makes the reporting difficult and can lead to duplications. Another problem is that the regulation does not have the right loss/loss recovery codes.

The test phase of CBS shows that transaction reporting is promising. However, processing is difficult primarily because there are so many

different systems feeding transactions. Future standardizations (i.e. all of the wholesale level will be covered by ALPHA; intermediate level by SAILS; active Army field level by SADLS and DS4; non-active Army field level by systems that are still undetermined) should alleviate this difficulty.

Although transaction reporting appears to be working well, the problem is that these transactions are not processed to provide requisite loss/loss recovery data. This possibility had not been previously investigated. It was not known whether the transactions could be processed to provide the requisite data, or what changes were needed to make the transactions suitable for this purpose.

CHAPTER II
PROPOSED SYSTEM FOR NON-USER ACCOUNTS

2.1 Introduction

The sponsor expressed interest in a system to provide fully auditable loss/loss recovery data. Our investigations and analysis to determine what type of loss/loss recovery data are needed, and our analysis of the transactions from the various systems that feed CBS, indicated that auditable loss/loss recovery data can be had by merely processing purified transaction data provided by the CBS system. That is, auditable loss/loss recovery data can be had as a by-product of CBS. This chapter describes how this can be done for all property accounts except the user. The next chapter covers the user property accounts.

2.2 Loss Categories

The system must provide a breakout of losses and loss recoveries by certain categories. Which categories are required was discussed with AMC and DA (see reference (10)). Based on those discussions and our analysis, we determined that the following loss categories, combined with the other data elements in the loss data file (Section 2.5), will satisfy all loss/loss recovery data requirements (i.e. provide requisite data for computing replacement/consumption factors and breakout of data as needed for AMP and MIDP):

- Replacement/consumption type 1
- Replacement/consumption type 2
- Proof test
- Conversion (i.e. assembly/disassembly/modification/
conversion)
- Transfer (i.e. sales and free issues to non-Army
customers)
- Disposal
- Physical inventory
- Other

Ideal definitions of the above loss categories are given via a decision tree in Figure 2.2.1. To understand the figure, "act of God" must be defined. An act of God loss is any loss in storage due to fire, loss due to an accident en route (e.g. ship sinking or plane crash), or loss due to natural disaster to include flooding, tornado, hurricane, earthquake, snow damage, etc. The only field level losses to be classified as act of God are those due to natural disasters.

Study of Figure 2.2.1 will show that:

Replacement/Consumption Type 1 is any loss that occurs to a troop unit account (as defined in AMP) but is not due to act of God or proof test/sampling; it did not occur in storage; and there is no turn-in. Since there are no turn-ins, this category includes only adjustment type losses. Examples are adjustments due to unaccountable losses in the field.

Replacement/Consumption Type 2 is any loss of an uneconomically repairable item (e.g. MILSTRIP condition code H or P) provided that this condition was not the result of contamination/deterioration in storage, or act of God, or proof test/sampling. Since this loss occurs only if there is a turn in (i.e. a physical remain) it includes only issue type losses to PDO or to assembly/disassembly/modification/conversion. The loss is not recognized until there is an issue transaction. The uneconomically repairable item may or may not be obsolete.

Proof test category includes all losses due to proof test/sampling. For example, the loss of a tank blown up in testing the capability of a missile is a proof test loss.

Physical inventory category includes all losses that occur in storage. The causes may be clerical or mechanical error, shrinkage, theft, or any other reason.

Transfer category includes all sales or free issues to non-Army customers. The stock may be obsolete but it must be either serviceable or economically repairable.

Disposal category includes all issues of serviceable or economically repairable stock to PDO. The stock may or may not be obsolete.

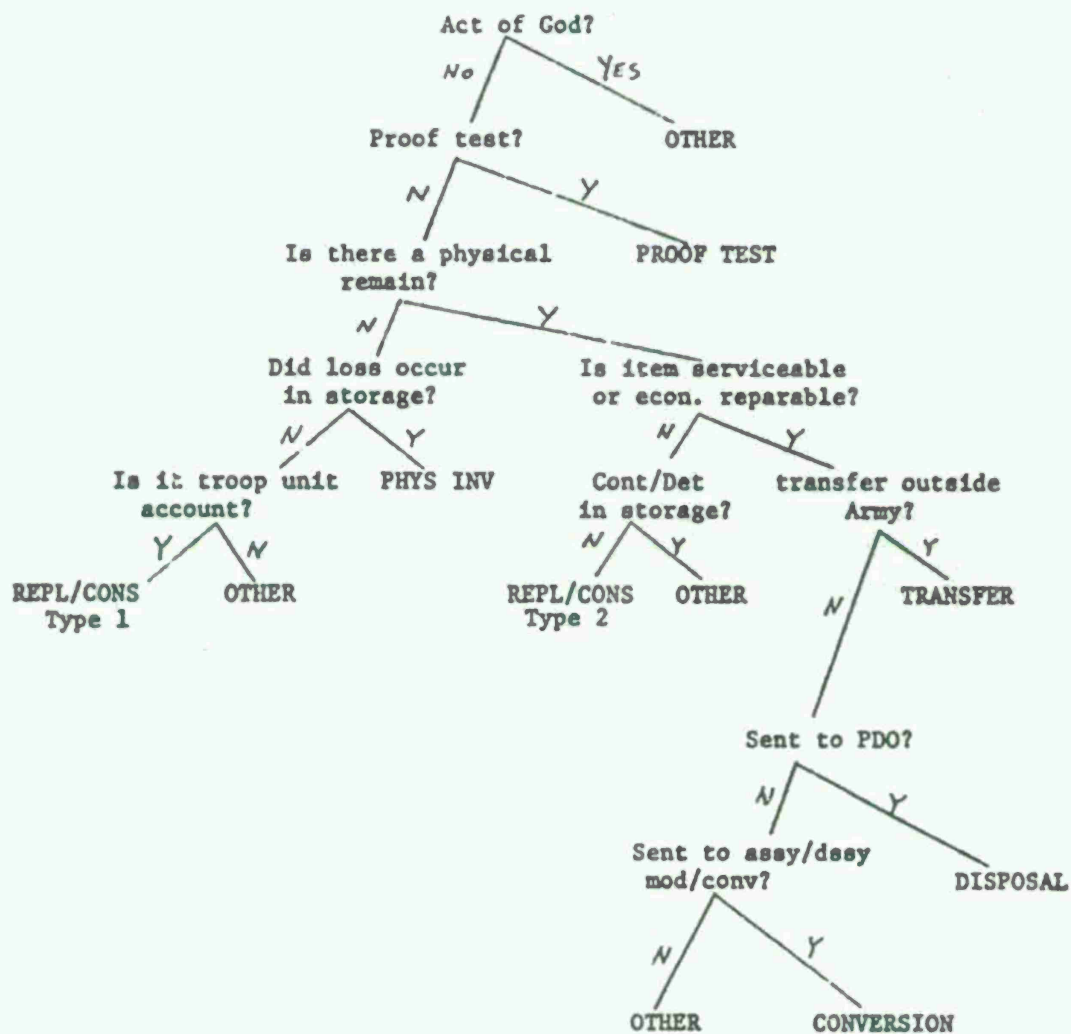


FIGURE 2.2.1: DEFINITIONS OF LOSS CATEGORIES

Conversion category includes all issues to assembly/disassembly/modification/conversion. The stock issued may or may not be obsolete but must be serviceable or economically repairable.

Other category includes all losses not covered by one of the other seven categories.

Several comments related to the loss categories are in order. The only losses that should be used in computing replacement/consumption factors are the replacement/consumption type 1 and the replacement/consumption type 2 losses. Each of these two categories includes both the peacetime and the combat replacement/consumption losses. Our analysis shows that separate categories for combat and peacetime losses are not necessary because it can be assumed that the losses are peacetime losses and can be used in computing peacetime factors if they are reported either during time of peace, or during time of war but from an account that is in a non-combat zone. If the account is in a combat zone, the losses will be mixed but combat losses can be determined by subtracting the average replacement/consumption losses reported during time of peace from the losses reported in time of war.

We have no separate category for washout (i.e. phaseout) losses. Our analysis indicates that this category is needed only to show when overage or obsolete items will be washed out of the system. The projection of washout losses is based on the age of existing equipment and other data such as the state of the economy, but not on past washouts. Since actual losses due to washout are not used in forecasting, and there is no other application of washout data, there is no need to show that a loss is a washout. What is important is to show that there was a loss. In the proposed system, washout losses are shown as disposal if the stock is issued to PDO and as conversion if the stock is issued to assembly/disassembly/modification/conversion.

2.3 General Description of System

Figure 2.3.1 depicts the proposed system. Inspection of the figure shows that the proposed system is nothing more than three data processors,

namely, CBS pre-processors, consolidation and loss/loss recovery processor. Furthermore, two of the processors already exist and are used in CBS processing of transaction data.

Examine the system step by step. Army wide transactions are monthly inputs to the pre-processors. The pre-processors are the CBS pre-processors used to purify incoming transaction data and reformat them in a more convenient form. These purified and reformatted transactions are the outputs from the pre-processors and are labeled "STANDARD RECORDS" in Figure 2.3.1.

Let us digress for a minute to amplify on the pre-processors. There is a CBS pre-processor for each ADP system feeding transaction data to CBS. They are:

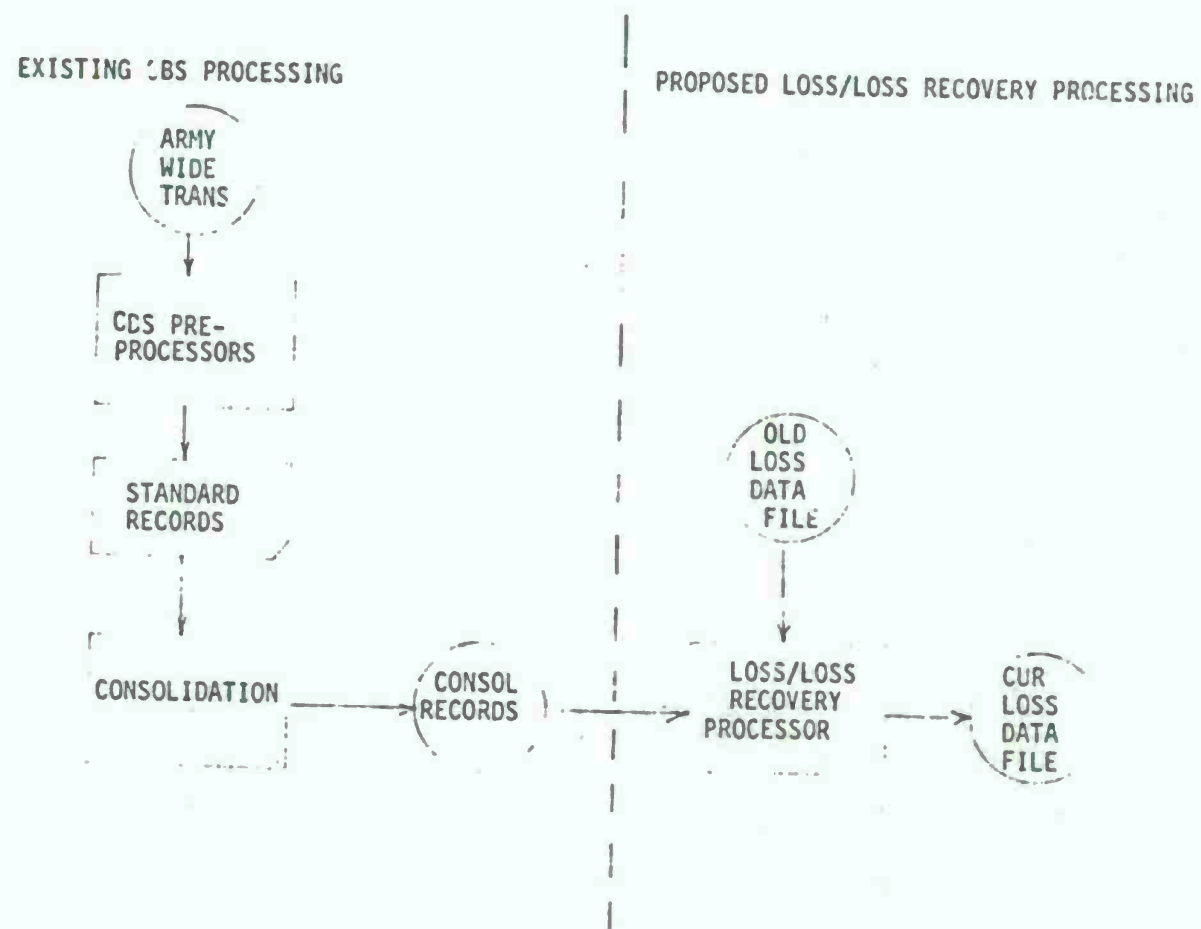
- a. CCSS (formerly ALPHA)
- b. SAILS
- c. BASOPS
- d. USAMAE
- e. 3S (WEST PAC)
- f. Modified DLOGS
- g. CCSS-ISA
- h. TEAM UP - ISA
- i. SPEDEX - ISA

These systems cover all property accounts except the user property accounts. CCSS covers the NICP accounts.¹ SAILS and BASOPS cover the installation supply accounts of the FORSCOM/TRADOC installations. Transaction histories from these installations also include the Army Reserve stocks. USAMAE covers the ICP accounts in Europe while 3S covers the ICP accounts of the Pacific area sub-Commands (e.g. Japan, Korea). Modified DLOGS covers the National Guard accounts, while CCSS-ISA, TEAM UP - ISA, and SPEDEX - ISA cover the remaining field level retail accounts as explained in 1.3.

The next data processor is consolidation. This processor does nothing more than to consolidate the outputs (i.e. standard records) from the pre-processors. This is done to simplify subsequent CBS processing. The output

¹ ARMCOM, TACOM and ECOM are not yet on CCSS. However, since all three are scheduled to be on CCSS in the near future, we do not give special considerations to the processing of transaction data from these NICP's.

FIGURE 2.3.1: LOSS/LOSS RECOVERY SYSTEM



from this processor is a file labeled "CONSOL RECORDS" in the figure, meaning "consolidated standard records". This file contains purified and reformatted transaction data from all the property accounts except the users.

Up to now we have described what is a portion of the existing CBS processing. The new feature is to take the output (consolidated records file) from this CBS processing and process it as needed to provide the loss/loss recovery data. This is done by the loss/loss recovery processor, which is the final data processor in the proposed system. The figure shows that the output of the loss/loss recovery processor is the current loss data file. This is the file that has the needed data. The old loss data file is shown as the other input to the processor. This is merely the output file generated by this processor in the previous quarter. The current loss data file has the same data as the old loss data file plus the loss/loss recovery data for the current quarter.

2.4 Loss/Loss Recovery Processor

The consolidated records file contains all transactions that increase or decrease the balance in a property account. Not all increases are loss recoveries and not all decreases are losses. The first function of the loss/loss recovery processor is to reduce this file by eliminating those transactions that are not losses or loss recoveries. All minus transactions are losses except -

- a. lateral transfers (i.e. issues to other Army customers).
- b. catalog adjustments (i.e. adjustments in purpose code, condition code, and NSN changes due to AMDF broadcasts).
- c. reversed transactions. For example, an issue to PDO is a minus transaction. If there is no reversal of this issue transaction, the transaction is a loss. If there is a reversal transaction for this issue, the issue is not a loss.

All plus transactions are loss recoveries except -

- a. lateral transfers (i.e. receipt from another Army account).

- b. gains from procurement or local fabrication.
- c. catalog adjustments.
- d. reversed transactions. For example, a gain from PDO is not a loss recovery if this transaction has an offsetting reversal transaction.

For the transactions that are loss or loss recoveries the processor then determines what type of a loss/loss recovery the transaction is and assigns a code corresponding to the loss category (see 2.2). The rationale to do this has already been developed and is documented in a set of tables (Section 2.6) that can be programmed in the loss/loss recovery processor.

The processor next creates a record for the loss data file and updates this file by adding the newly created records to the loss data file and purging overaged records from it.

2.5 Loss Data File

The AMP has the most stringent data requirements. A data base that is adequate for AMP will be adequate for computing replacement/consumption factors, the MIDP, and the WWAP. Reference (11) describes the loss data used in SAMPAM, which is the automated system for computing the AMP. The loss data file described here is designed to meet the data needs in SAMPAM.

The loss data file, which is a file created by the loss/loss recovery processor, will contain a five year history of all Army wide losses and loss recoveries. The history will be built up gradually and will be updated at quarterly intervals. If experience shows this to be inadequate it will be updated at monthly intervals. The file should have at least one year (most current) of data at the transaction level of detail. The rest can be monthly summaries but a transaction level of detail is preferred because it would provide a greater audit/reconciliation capability in the event this is needed, and a better data base for analysis purposes.

The data elements in the loss data file record are shown in Figure 2.5.1. They are:

- a. Type Record Code - indicates whether the record is a loss or a loss recovery.

- b. Routing Identifier Code - the RIC of the managing NICP
- c. SSN - standard study number
- d. NSN - national stock number
- e. RICC - reportable item control code
- f. Loss category code (also applies to loss recoveries):
 - 1 - Replacement/consumption type 1
 - 2 - Replacement/consumption type 2
 - 3 - Disposal
 - 4 - Transfer
 - 5 - Physical inventory
 - 6 - Conversion
 - 7 - Proof test
 - 8 - Other
- g. Quantity
- h. Condition code - MILSTRIP condition code or blank. If this field is blank, condition code A is to be assumed if the loss category is not replacement/consumption type 2 and F if it is.
 - i. DODAAC - DoD activity address code identifies the ship to address. This code is applicable only to transfer and disposal losses.
 - j. Stratification code - identifies the CBS stratification for the losing account. The stratifications are subject to change as time dictates. The stratifications currently in use (see reference (1)) are:

1. Europe	6. Panama	11. Other CONUS AA
2. Korea	7. Alaska	12. ARNG
3. Japan	8. STRAF	13. USAR
4. Hawaii	9. FORSCOM, Other	14. CONUS Depots
5. Thailand	10. TRADOC	
 - k. CBS data source code - identifies the losing account (e.g., Ft. Jackson). This data element will be helpful in reconciling suspect data, in the event this occurs, or in restratifying.
 - l. Fund code - this code provides the capability to determine whether the loss is
 - a. Not reimbursable.
 - b. Reimbursable with funds.
 - c. Reimbursable in kind.

TYPE RECORD CODE	RIC	SSN	NSN	RICC	LOSS CATEGORY CODE	QTY	COND CODE	DODAAC	CBS STRAT CODE	CBS DATA SOURCE CODE	FUND CODE	DATE OF TRANS
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FIGURE 2.5.1: LOSS DATA BANK RECORD

m. Date of transaction. This is the date of posting the loss to the accountable record.

2.6 Tables for Assigning Loss Categories to Transactions

This section gives nine tables for assigning loss categories to transactions. There is one table for each ADP system that currently feeds transaction histories to CBS. There is only one table for the wholesale level even though several ADP systems currently feed the whole-sale level transaction data. The table is for transactions from the CCSS. It is expected that in the very near future all commodity commands will be on CCSS, so that the CCSS system will be the only system feeding whole-sale level transaction data.

Minor approximations were used in the development of these tables. The approximations are discussed in Section 2.7.

Data elements in the transactions are labeled across the top (column headings). They are:

DIC - document identifier code

CC - condition code

MC management code

FC - fund code

QIC - quantity identification code (this is used in the BASOPS system in the same manner as condition code)

The DIC is a three character code. The third position is immaterial in many instances and is either omitted or shown as a dash (-).

Suppl. Add. = A,D refers to the first position of the supplementary address in the transaction. This identifies an issue transaction to assembly/disassembly (see AR 725-50).

To illustrate the tables look at Table 1. This is the table for the wholesale level (CCSS system). This table, like all of the other tables, has three main columns: category, losses (i.e. loss transactions), and loss recoveries. The first category is replacement/consumption type 1. The table shows that this category is not applicable to the wholesale level. The next category is replacement/consumption type 2. The table shows that issue transactions (identified by DIC equal to A5-) are losses in

CATEGORY	LOSSES				LOSS REC
	DIC	CC	MC	FC OR COMMENT	DIC
REPL/CONS TYPE 1	NOT APPLICABLE				N/A
REPL/CONS TYPE 2	A5- A5- A5-	H OR P H OR P	M A,L,Q,S,V	GJ, GL, GQ, GH	N/A
DISPOSAL	A5- A5-	NOT H OR P "	L,Q,S,V	GJ	D6J
CONVERSION	A5- A5- D9Z	NOT H OR P "	A A	GH, GL, GQ Suppl. Add - A,D	D6H D6L D6Q D8Z(MC=A)
PROOF TEST	A5- D9Z	NOT H OR P	M	G2	D6G
TRANSFER	A5-	NOT H OR P	NOT A,L,M,Q,S,V	MUST BE NON ARMY CONSIGNEE FUND CODE MUST NOT BE GM	D6B D6C D6D D6E
PHYS INV	D9A D9B D9J				D8A D8B D8J
OTHER	D9G D9E D9H				D8E

TABLE 1 MATRIX FOR WHOLESALE LEVEL
(Based on AR 725-50)

	LOSSES				LOSS RECOVERIES
	DIC	CC	MC	COMMENT	DIC
REPL/CONS TYPE 1	D9G D9H				None
REPL/CONS TYPE 2	D7H D7J D7L D7Q	H OR P " " "			N/A
DISPOSAL	D7J	NOT H OR P			D6J
CONVERSION	D7H D7L D7Q	NOT H OR P "			D6H D6L D6Q
PROOF TEST	D9Z		M		D6C
TRANSFER	D7B D7C D7D D7E D7F D7G D7P D7Z			MUST BE NON ARMY CONSIGNEE "	D6B D6C D6D D6E D6F D6G
PHYS INV	D9A D9B D9J				D8A D8B D8J
OTHER	NONE				NONE

TABLE 2: MATRIX FOR JS (WEST PAC)

	LOSSES			LOSS RECOVERIES	
	DIC	CC	FC	DIC	FC
REPL/CONS Type 1	B9 B9		PF PI	NONE	
REPL/CONS TYPE 2	A5- A5- B9-	H H H	GJ, GH, GL, GQ J5, J6, J7, J8 P1	N/A	
DISPOSAL	A5-	NOT H	GJ, J5, J6	A6- B2- B3-	GJ, J5, J6 MH MH
CONVERSION	A5- A5- B9	NOT H " "	GH, GL, GQ J7, J8 P1	A6- A6- B2- B3-	GH, GL, GQ J7, J8 GH, GL, MB, MC GH, GL, MB, MC
PROOF TEST	A5-		G2, J9	NONE	
TRANSFER	A5- A5*		GB, GC, GD, GE, GP GA AND GZ	A6- B2* B3-	GB, GC, GD, GE, GP GA, G9, MF, MG GA, G9, ME, MG
PHYS INV	B9		P9	B8-	P8
OTHER		NONE		NONE	

* Must be receipt from or issue to non-Army source.

TABLE 3: MATRIX FOR USAMMAE

CATEGORY	LOSSES				LOSS	RECOVERIES
	DIC	CC	MC	FC OR COMMENT	DIC	
REPL. CONS TYPE 1	D9G D9H					NONE
REPL/CONS TYPE 2	A5- A5- A5-		M H OR P " A, L, Q, S, V	GJ, GL, GQ, CH		N/A
DISPOSAL	A5- A5-	NOT H OR P "		GJ		D6J
CONVERSION	A5- A5-	NOT H OR P		CH, GL, GQ SUPPL. ADD. - A, D		D6H D6L D6Q D8Z(MC=A)
PROOF TEST	A5- D9Z	NOT H OR P	M	G2		D6G
TRANSFER	A5-	NOT H OR P	NOT A, L, M, Q, S, V	FC MUST NOT BE GM AND MUST BE NON- ARMY CONSIGNEE		D6B D6C D6D D6E
PHYS INV	D9A D9B D9J					D8A D8B D8J
OTHER			NONE			NONE

TABLE 4: MATRIX FOR SAILS

CATEGORY	LOSSES			LOSS RECOVERIES	
	DIC	QIC	COMMENT	DIC	
REPL/CONS TYPE 1	82A 82E 82F			81A	
REPL/CONS TYPE 2	51Y 52Z 52A 52B	F OR J " " "		N/A	
DISPOSAL	51Y 52Z	NOT F OR J		21Y 31Y	
CONVERSION	52A 52B	NOT F OR J "		22A 22B 32A 32B	
PROOF TEST		NONE		NONE	
TRANSFER	52D 52E 51D			NONE	
PHYS INV	82B			81B	
OTHER		NONE		32K	

TABLE 5: MATRIX FOR BASOPS

CATEGORY	DIC FOR LOSSES	DIC FOR LOSS RECOVERIES
REPL/CONS TYPE 1	2M1 BM1	241
REPL/CONS TYPE 2	2N5 BN5	N/A
DISPOSAL	N/A	255
CONVERSION	2M2 BM2	242 B42
PROOF TEST	NONE	NONE
TRANSFER	2N2 2N3 BN2 BN3	252 253
PHYS INV	2N6 BN6	256
OTHER	NONE	NONE

TABLE 6: MATRIX FOR NATIONAL GUARD

CATEGORY	TRANSACTION CODE FOR LOSSES	TRANSACTION CODE FOR LOSS RECOVERIES
REPL/CONS TYPE 1	04 07 08	NCNE
REPL/CONS TYPE 2	54	N/A
DISPOSAL	N/A	24
CONVERSION	45 YY	15 YY
PROOF TEST	NONE	NONE
TRANSFER	41 46 47	N/A
PHYS INV	03	02
OTHER	55	NONE

TABLE 7: MATRIX FOR CCSS-ISA

CATEGORY	LOSSES			DIC FOR LOSS RECOVERIES
	DIC	FC	SERV. CODE IN SUPPL. ADDR	
REPL/CONS TYPE 1	D9G D9H			NONE
REPL/CONS TYPE 2	A5- A5-	GJ SEE NOTE	S	N/A
DISPOSAL		N/A		D6J
CONVERSION	A5-	GL		D6L
PROOF TEST	D9Z	(EDIT CODE IS M)		NONE
TRANSFER	A5- A5- A5- A5-	GA GB GC GD GE	NCN-ARMY CONSIGNEE	NONE
PHYS INV	D9A D9B D9J			D8A D8B D8J
OTHER		NONE		NONE

NOTE: FUND CODE IS NOT GA,GB,GC,GD,GE,GJ,GL OR BLANK

TABLE 8: MATRIX FOR SPEEDX-ISA

CATEGORY	LOSSES		DIC FOR LOSS RECOVERIES
	DIC	CC	
REPL/CONS TYPE 1	Z4F Z4J Z4K		Z6F
REPL/CONS TYPE 2	Z7N Z4G	H OR P "	N/A
DISPOSAL	Z7N	NOT H OR P	Z3N
CONVERSION	Z4G	NOT H OR P	Z6G
PROOF TEST	NONE		NONE
TRANSFER	NONE		Z3R
PHYS INV	Z4B		Z6B
OTHER		NONE	Z3H

TABLE 9: MATRIX FOR TEAM UP-ISA

one of three cases:

a. The management code is M. The values of the condition code and fund code are immaterial in this instance.

b. The condition code is H or P (indicating uneconomically reparable condition) and the fund code is GJ, GL, CQ, or GH. The value of the management code is immaterial in this instance.

c. The condition code is H or P and the management code is A, L, Q, S, or V. The value of the fund code is immaterial in this instance. The table also shows that replacement/consumption type 2 is not applicable to loss recoveries.

The next category is disposal. An issue to PDO is a disposal loss only if the condition code is not "H" or "P". In addition, the transaction must have either a fund code equal to GJ and/or a management code equal to L, Q, S, or V. If the document identifier code is a "D6J", the transaction is a loss recovery from PDO and is thus coded DISPOSAL.

Reading the table for the remaining categories is similar.

2.7 Approximations

In developing the tables in the previous section, approximations were used. The approximations are necessary because the ADP systems that feed transaction data have limited coding structures. For example, MILSTRIP issue transactions to PDO have no data element from which the reason for the issue (e.g. stock is uneconomically reparable due to an act of God such as flooding or lightning, or fair wear and tear, or proof testing, etc.) can be determined. Expanding the ADP systems to provide the appropriate data would require extensive system changes Army wide. Doing this would not only be costly but is unnecessary because harmless approximations can be used. These approximations are:

a. All issue transactions to PDO and to assembly/disassembly/modification/conversion are replacement/consumption type 2 losses whenever -

(1) there is a data element in the transaction to indicate that the stock issued is uneconomically reparable, or

(2) there is no data element to indicate the condition of the stock issued.

b. If the loss adjustment transaction is not a logistic transfer, catalog change, modification/conversion adjustment, or physical inventory adjustment, then it is -

(1) replacement/consumption type 1 loss if the adjustment is to be property account below the wholesale level, and

(2) "other" loss if the adjustment is to a wholesale level property account.

Approximation a(1) says that all uneconomically reparable stock that leaves the Army inventory is replacement/consumption type 2. Most of it will be. However, occasionally the stock will be uneconomically reparable due to damage caused by some act of God (e.g. earthquake, tornado) or proof test damage. In these instances the loss will be miscoded. The consequence of miscoding will be to increase the replacement/consumption factor. The increase will be insignificant unless the quantity damaged by the act of God or proof testing is large in relation to total disposals of uneconomically reparable stock. This is unlikely except in rare instances such as 500 trucks damaged by flood. In such instances, the item manager will have first hand knowledge to recode these losses. Thus, this approximation is harmless because there are no serious consequences.

Approximation a(2) says that all issues to PDO or assembly/disassembly are replacement/consumption type 2 losses if the issue is from a property account that is on an ADP system that lacks a condition code. All ADP systems above the field level and some ADP systems at the field level use a condition code for stock accounting. Thus, this approximation is applicable to only a few field level ADP systems (e.g. modified DLOGS used by National Guard). For these accounts, disposals of serviceable or un-serviceable but economically reparable stocks will be miscoded. It is expected that few, if any, transactions would be involved because AR 710-2 prohibits disposals of serviceable or un-serviceable economically reparable major items at this level. If there are any such transactions, the impact (i.e. inflated replacement/consumption factor) would be significant only if large quantities are involved. Again, if this ever occurs, the item manager would have first hand knowledge to recode. Thus, this approximation is also harmless.

Approximation b(1) applies to non-depot stocks that might be completely destroyed (i.e. no remains) by enemy action, fire, or some act of God, and to losses due to theft, abandonment, etc. Most of these losses are generally accepted as replacement/consumption. Those that are not will be miscoded but the anticipated incidence of miscoding is very small and insignificant. Consequently this approximation is harmless.

Approximation b(2) has no impact other than to assign the loss category "other" to some losses that may be physical inventory losses. This is harmless.

CHAPTER III

PROPOSED SYSTEM FOR USER ACCOUNTS

3.1 General

This chapter applies to user property accounts, be they manual or automated. User property accounts are the accountable property records at the user level. They include property books held by units such as company or battalion and stock record accounts of direct support/general support units. However, they exclude hand receipt holders. This means that if the accountable property records for all equipment within a division are maintained at the division level, there would be only one account for the entire division to which the procedures of this chapter are applicable, even though the various sub-elements of the division such as battalions may have their own records for the equipment in their possession.

The objective of this chapter is to discuss a system to provide auditable loss/loss recovery data from the user level property accounts. At the present time the CBS system does not include transaction data reporting from these accounts. Consequently, the loss/loss recovery data obtained by the methods of the previous chapter will be incomplete. A supplement is needed to provide the missing data.

This chapter discusses how to provide CBS with transaction data from the user property accounts and how to process these transactions for loss/loss recovery purposes.

3.2 Required User Level Data

Proof test and transfer loss categories are not applicable to the user accounts. Applicable categories are replacement consumption type 1 and type 2, disposal, conversion, physical inventory, and others. To get all user level losses and loss recoveries and to classify them into the applicable categories requires the information specified herein.

For CBS and loss/loss recovery purposes the following transactions are needed:

- a. Turn in to property disposal (PDO)

- b. Receipt from property disposal (PDO)
- c. Receipt of stock found on post (FOP)
- d. Adjustments due to
 - (1) modification.
 - (2) physical inventory.
 - (3) other.

e. Lateral transfers to/from another CBS stratification (data element j in Section 2.5). They are needed for CBS purposes only.

Adjustments due to other (d(3) above) include all adjustment transactions that require a discrepancy in shipment report, or a report of survey, or non-physical inventory adjustments that require an inventory adjustment report. They are replacement/consumption type 1 losses.

The transactions should have these data elements:

- a. Identification of the base account (account to which the transactions apply).
- b. Identification of the supporting account (account that feeds the data for the base account).
- c. National Stock Number
- d. Transaction date
- e. Document or voucher number (this data element will provide intransit visibility). Applicable to lateral transfer only.
- f. Organization identification of the terminal account, etc. This is the consignee of stock shipped or source of stock received and is applicable to lateral transfers only.
- g. Code to indicate if transaction is gain (increase), loss (decrease) or reversal to base account.
- h. Code to indicate if
 - (1) receipt of stock found on post (FOP).
 - (2) receipt from PDO/turn in to PDO.
 - (3) adjustment due to modification.
 - (4) adjustment due to physical inventory.
 - (5) adjustment due to other (category does not include catalog changes).
 - (6) lateral transfer (in or out).

1. Condition code
 - (1) serviceable.
 - (2) unserviceable.

3.3 Automated Accounts

Some user accounts are now automated. It is expected that in the near future all user accounts will be automated. For example, SADLS is a standard system for all divisional level units. DS4 is a standard system for all non-divisional level units. Both of these systems are currently in developmental stages.

Automated systems can provide transaction data in standard format (see 3.2 for the data elements to be entered in the transactions). A minor program is needed to scan the transaction file available in a particular automated system and recode and reformat the data into the standard format. A suitable procedure for submitting the standard transaction data to MIDA can be worked out. For example, each automated system can forward the standard data to the command level for consolidation and subsequent forwarding to MIDA.

3.4 Manual Accounts

The procedures discussed here are interim. When a manual account is automated, it should adopt the procedures in 3.3.

Transaction data for a manual account can be had directly from the property record or in some indirect way. The alternative discussed in 3.4.1 is the direct way. The alternative discussed in 3.4.2 is one indirect way. In 3.4.3 we discuss the advantages and disadvantages of the two alternatives.

3.4.1 Alternative One: Property Record Reporting

The steps in property record reporting are these:

- a. Copy of page from official property record is submitted to some processing point (e.g., division level). The page submitted would be the one that has the transactions for the reporting period.

b. Processing point prepares (i.e. keypunches) standard records for the transactions specified in 3.2 in the format specified in last section and forwards the data to Command level for consolidation.

c. Each Command consolidates these data and forwards to MIDA.

d. MIDA processes the data as discussed in 3.5.

Suitable controls should be established to police reporting.

To make this system work, property books (DA Form 3328 and DA Form 3329) should be modified to include columns for "gain adjustment", "loss adjustment", and "comment". The stock record account (DA Form 1296) should be modified to include the unit identification code of the account, and a "comment" column. The columns on the property records should then be used to post transactions as follows:

a. If the transaction is actually a turn in, enter quantity turned in in the "turn in" column.

b. If the transaction is a receipt, enter quantity received in the "received" column.

c. If the transaction is an adjustment that increases the balance (i.e. no receipt) enter the quantity in the "adjusted gain" column.

d. If the transaction is an adjustment that decreases the balance (i.e. no turn in) enter the quantity in "adjusted loss" column.

e. If the turn in is to PDO or the receipt is from PDO enter "PDO" in the "comment" column.

f. If the transaction is a lateral transfer, enter "STRAT (XXXXXX)" in the "comment" column, where XXXXXX is the UIC of the other account.

g. If the transaction is an adjustment, enter the applicable one of these four comments in the "comment" column: MODIFICATION, PHYS INV, CATALOG CHANGE, OTHER. The comment "catalog change" should be used for catalog change adjustments to make it clear that the adjustment is not a loss.

3.4.2 Alternative Two: DIO Generation of Transactions

The steps in this alternative are these:

a. Property account informs the applicable activity in the Directorate of Industrial Operations (DIO) of those entries to the user property account that are due to receipt of stock found on post and modification. This is done on an "as occur" basis.

Note: Under present procedures the DIO is cognizant of all adjustments to the property account that require a report of survey, inventory adjustment, or discrepancy in shipment report. He is also cognizant of disposal and lateral transfer transactions because they must be approved at this level. This information combined with the information that would be reported to the DIO under step a. is all that is needed to prepare the transactions needed for CBS (see 3.2).

b. The applicable DIO activity prepares a standard record as specified in 3.2 and enters it in the intermediate level transaction history file. This is done whenever the DIO receives information that impacts the balance in the user property account.

c. The intermediate level transaction history is forwarded to MIDA as is currently done. The only difference is that now the transaction history has user level transactions as well.

d. MIDA extracts user transactions and processes as in 3.5.

3.4.3 Comparative Analysis

Both alternatives require the same amount of keypunching since each should provide the same number of transactions to MIDA. However, the keypunch workload is peacemeal for the DIO generation of transactions alternative and this is an advantage.

Property record reporting requires hard copy inputs (i.e. copy of page from property record) from the user. This type of reporting can be readily controlled. The DIO generation of transactions requires some input (i.e. adjustments due to modification and receipts of stock found on post) from the user. This can be provided in hard copy form or by telephone, but in either case it would be difficult to establish controls that would guarantee valid inputs from the user. If the two types of transaction

inputs from the user occur very infrequently, it might be acceptable to ignore these transactions altogether. In that event, the DIO generation of transactions would have an advantage over property record reporting, since it would require no input from the user.

Property record reporting would provide highly reliable and fully auditable data, since the source data is the official property record. There may be some errors in transcribing the data into transactions but these types of errors are relatively few. The DIO generation of transactions would be less reliable and less auditable than property record reporting.

The DIO generation of transactions requires no changes to AR 710-2 whereas property record reporting does (must change DA Form 3328, DA Form 3329, and DA Form 1296). However, changing the property record forms to satisfy CBS and loss/loss recovery needs has worthwhile byproducts. It would improve record keeping for the user. At time of local command inspections, IG inspections, and audit by AAA or GAO, the better organized property records would be self sufficient. The reason for a change in the record balance would be evident from the property record. Today, to determine the reason it is necessary to search through various backup folders such as the manual transaction file.

Another worthwhile byproduct of property record reporting is elimination of the need for user inputs in support of equipment status reporting (Chapter 2, AR 710-3). Today, asset status updating requires interaction between the user and the Data Processing Installation (DPI) that supports him. (See Chapter 2, AR 710-3) Furthermore, the validity of the asset data are questionable because the update procedures lack adequate controls. Instead of these procedures, the asset balance as of any given date can be taken directly from the property record at the time the transactions are prepared for CBS and loss/loss recovery purposes. This procedure would provide reliable user equipment status reports to MIDA. The asset data would be compatible with the transaction data.

3.5 MIDA Processing

The processing at MIDA would be similar to the processing described in

Chapter 2. The transactions would be input to a pre-processor to generate standard CBS records. The output would be consolidated with the standard CBS records from all the other pre-processors. These consolidated transactions would then be input to the loss/loss processor to generate the loss data file. The loss/loss recovery processor would use Tables 3.5.1 and 3.5.2 to assign loss categories to the user level transactions.

Table 3.5.1 applies to transactions from the property book accounts. The column headings should not be taken literally. For example, "turn-in" is used because it appears on the property book (DA Form 3328 and DA Form 3329). The column is intended to represent issue (as opposed to adjustment) transactions. The "X" indicates that there is an entry in that field. A blank indicates that the data element is immaterial for assigning a category to the transaction. For example, the table shows that a replacement/consumption type 1 loss is any transaction that has an entry in the "adjusted loss" column and the word "other" in the comment column. Replacement/consumption type 2 loss is any transaction that has an entry in the turn in column and "PDO" in the comment column. This assumes that the condition code for the materiel turned in is not reported. This assumption is made because the property book does not show the condition code. If the condition code were reported, the transaction would be coded replacement/consumption type 2 if the condition code were U (unserviceable) and disposal if the code were S (serviceable).

Table 3.5.2 applies to transactions from the stock record accounts. The organization column is used to distinguish adjustment transactions from issue/receipt transactions. If there is no entry in the organization column (i.e. it is blank), the transaction is an adjustment. Thus, for example, an entry (X) in the loss column and a blank in the organization column is a loss adjustment. The type of loss is known from the comment column. If the comment is "other", the loss is replacement/consumption type 1; if it is "modification", the loss is conversion; if it is "phys inv", the loss category is physical inventory. On the other hand, an entry (X) in the loss column and an entry in the organization column is an issue transaction.

TABLE 3.5.1: MATRIX FOR PROPERTY BOOK RECORDS

CATEGORY	LOSSES			LOSS RECOVERIES		
	TURNED IN	ADJUSTED LOSS	COMMENT	RECEIVED	ADJUSTED GAIN	COMMENT
REPL/CONS TYPE 1		X	OTHER	X	X	OTHER FOP
REPL/CONS TYPE 2	X		PDO			
DISPOSAL		NOT APPLICABLE		X		PDO
CONVERSION		X	MODIFICATION		X	MODIFICATION
PHYS INV		X	PHYS INV		X	PHYS INV

TABLE 3.5.2: MATRIX FOR SRA RECORDS

CATEGORY	LOSSES				LOSS RECOVERIES		
	ORGAN- IZATION	LOSS	CONDITION	COMMENT	ORGAN- IZATION	GAIN	COMMENT
REPL/CONS TYPE 1	BLANK	X		OTHER	BLANK	X X	OTHER FOP
REPL/CONS TYPE 2	X	X	U	PDO	NOT APPLICABLE		
DISPOSAL	X	X	S	PDO	X	X	PDO
CONVERSION	BLANK	X		MODIF- ICATION	BLANK	X	MODIF- ICATION
PHYS INV	BLANK	X		PHYS INV	BLANK	X	PHYS INV

CHAPTER IV

OTHER CONSIDERATIONS

4.1 Introduction

The proposed system is transaction dependent. The quality of the loss/loss recovery data will depend on the quality of the transaction data and on correct interpretation of the transactions. If a loss occurs but there is no transaction for it, or there is a transaction but it is not properly coded, this loss will not be on the loss data file. If a loss occurs but there are two transactions to cover it, the system will pick up this loss twice. There are operational system deficiencies that can lead to such voids and duplications. This chapter addresses the problem areas.

4.2 En Route Losses

AR 735-11 prescribes procedures for en route losses. The regulation addresses the financial aspect of the loss but not the supply aspect. Neither this nor any other regulation provides a supply transaction to show the en route loss. This is not too critical when the loss is stock that is en route to a non-Army customer because the loss is picked up from the issue transaction. For CBS purposes this is adequate. For loss/loss recovery purposes this is also adequate except that the loss will be miscoded (coded "transfer" instead of "other"). The impact of miscoding will not be significant unless the quantity involved is sufficiently large to appreciably raise the variability of transfer losses. However, if the quantity involved is this large, the item manager will have first hand knowledge to recode. In fact, he will be alerted to the need for recoding because the transfer losses for the period involved will stand out in comparison to the past transfer losses.

When the loss is stock that is en route to an Army customer, this loss will not be picked up from the transaction history. What is needed is a procedure to provide a supply transaction for losses en route to Army customers. Under the current procedures when a loss occurs, a report of survey is prepared and processed through the transportation channels. Ft. Benjamin Harrison sends notification to the applicable Finance and Accounting Branch where the customer billing is adjusted. No notification is sent to the Supply Branch. A satisfactory procedure

would be to have either Ft. Benjamin Harrison notify the Supply Branch as well, or to have the Finance and Accounting Branch work with the Supply Branch. The Supply Branch would then enter an applicable transaction on the history file to show the loss. AR 735-11 could be modified accordingly. However, before any modifications are made to this or other applicable regulations, it should be remembered that there are two situations for en route losses to Army customers: the whole shipment is lost; there is a discrepancy between the shipping document and the quantity actually received. In the latter case there is danger of double counting unless the regulation clearly states at which end (i.e. supplier or customer) discrepancy is to be posted. It is suggested that if the loss is merely a discrepancy between the shipping document and the materiel received, the customer's account reflect the loss. If the whole shipment is lost, the supplier's account should reflect the loss. AR 735-11 should clearly state this. This should also be specifically mentioned in AR 710-2 in paragraphs 3-40b, 3-71 and in paragraph 2-12.

Although existing accounting systems (except BASOPS and TEAM-UP) do not have DIC's for en route losses, new DIC's are not needed. This is because en route losses at the wholesale level are "other", and below the wholesale level are replacement/consumptions type 1. Consequently, any existing DIC to which approximation 2.7.b applies could be used to adjust for en route losses.

4.3 Incompatible Document Identifier Codes (DIC's)

Codes "D9G" and "D9H" in MILSTRIP based systems, and comparable codes in non-MILSTRIP based systems, are incompatible and each can lead to duplications. For example, "D9G" transaction is for losses due to shrinkage, theft, contamination, deterioration. Shrinkage and theft are cases of disappearance while contamination and deterioration are not. For contamination/deterioration a "D9G" adjustment still leaves materiel behind that can be transferred to PDO and picked up as a loss once more from the transaction that transfers the stock to PDO. Thus, there is danger of double counting the loss.

This problem can be resolved without changes to present accounting systems (e.g. MILSTRAP). It merely requires restricted use of the codes. This can be accomplished by such means as a circular applicable to property accounts at all levels (i.e. NICP's, FORSCOM/TRADOC installations, overseas ICP's, all other installations and property accounts). The guidance should be a part of the standard operating procedures. The guidance is this: do not use adjustment transactions (as opposed to issue transactions) to decrease the stock balance when there is still materiel left behind that can be disposed of at a later time. Decrease the balance by virtue of an issue transaction at time of disposition. For example, in MILSTRIP based systems, the "D9G" transaction should be used to adjust for theft and shrinkage but not for contamination/deterioration. If contaminated or deteriorated stock is discovered by the storage activity, the "DAC" transaction with the applicable management code should be used to notify the accountable activity. The accountable activity can then use the "DAC" transaction to generate an "A5-" transaction to decrease the stock balance. Another example is a transaction that decreases the stock balance due to fire, flood, snow damage, etc. This transaction should be used only when there are no remains.

4.4 Nonstandard Use of Codes

In some instances the NICP's differ in the way they code a transaction to account for a loss. They use different DIC's, or the same DIC's but different fund codes and management codes. Because use of codes differs, whereas the pre-processor does not (the wholesale level pre-processor is used to process transactions from all the NICP's on ALPHA) duplications and voids may arise.

To correct this deficiency action is required to determine what guidance the NICP's have on the use of these DIC's in the ALPHA system and then modify the wholesale level (i.e. ALPHA) pre-processor accordingly. If it is found that there is no guidance, it should be furnished. The guidance below which also encompasses some of the other problem areas of this chapter, is suggested in that event. Incidentally, the problem of nonstandard use of codes is prevalent at all levels. Guidance similar to the guidance below should be given to users of SAILS and to those responsible for developing the SADLS and DS4 systems and SOP's.

(1) Use of fund code, management code, and condition code is mandatory in all transactions that provide for these data elements.

(2) Use of D7- transactions is not authorized.

(3) For major items only fund codes included in Appendix 0-2, AR 725-50 are authorized. Definitions of fund codes indicated therein must be complied with.

(4) The D9- series documents are authorized only for "stock disappearance" type losses. Examples are theft, discrepant posting, complete annihilations, and any other loss for which there is no materiel that could be turned in to disposal.

(5) D9Z and D8Z are to be used only with authorized management codes. The authorized management codes are:

A - Modified to new NSN in maintenance

(6) Reversal transactions are to be coded as specified in Appendix B of AR 725-50. No other procedure is authorized.

(7) A5- transactions must be used for proof test/sampling, assembly/disassembly/modifications/conversion, property disposal, training, and any other losses where movement of materiel is involved prior to the loss. No other transactions are authorized.

Item (5) may be incomplete. The NICP's should suggest additional management codes for the guidance, as necessary.

4.5 SAILS Pre-Processor

SAILS has undergone several changes since the pre-processor was written. Foremost among the changes is the extension of SAILS to the ICP level overseas. This means that depot level transactions, which were not applicable to SAILS users before this extension are now applicable. Consequently, if the pre-processor is not modified accordingly, some loss/loss recovery transactions will be bypassed.

Here are two specific changes that are required:

(1) Add all transactions that are applicable to depot level such as receipts and issues from non-Army customers. Fund codes GD, GE, GP, GQ, and G2 are applicable.

(2) Add the "D9J" transaction to reflect the latest DIC structure in AR 725-50.

Incidentally, the pre-processor for the wholesale level (i.e. ALPHA) and the pre-processor for SAILS should be essentially the same since both systems are MILSTRIP based. If there are differences they should be due to non-standard use of MILSTRIP codes at the wholesale and intermediate levels.

4.6 Asset Reporting Under Chapter 2, AR 710-3

Chapter 2 of AR 710-3 describes the Army Equipment Status Reporting (see reference (2)). Paragraph 2-13.b. of the regulation specifies that uneconomically reparable stock should not be reported. If such stock is not reported but retained by the reporting account, there will be disagreement between the CBS computed WWAP and the reported WWAP. This paragraph should be changed to include uneconomically reparable stock in the reporting of assets. These assets are not lost as long as they are in the system. In some instances, such as for purposes of AMP, it may be desirable to consider them lost. However, the proper way to accomplish this is to show them as memo entries on the AMP and not to ignore them entirely by excluding them from the asset reports.

REFERENCES

- 1 DA Circular 710-8 "Inventory Management - Continuing Balance System," 24 December 1974.
- 2 AR 710-3 "Inventory Management - Asset and Transaction Reporting System," Change 2, 2 April 1974.
- 3 AR 710-2 "Inventory Management - Materiel Management for Using Units, Support Units, and Installations," Change 2, 3 June 1974.
- 4 AR 725-50 "Requisition and Issue of Supplies and Equipment - Requisitioning, Receipt, and Issue System," 28 June 1974.
- 5 AR 735-11 "Property Accountability - Accounting for Lost, Damaged, and Destroyed Property," 1 May 1974.
- 6 Ferrara, T.F., et al "Continuing Balance System (CBS) for Computing the Worldwide Asset Position for Major Items," General Research Corporation, McLean, Va., October 1974. Report OAD-CR-69.
- 7 "Continuing Balance System - System Documentation," General Research Corporation, McLean, Va., 31 August 1974.
- 8 MIDA Report on Loss/Loss Recovery Reporting as Found in Tech Assistance Team Visit to TRADOC (East) Installations, Unofficial, page 3-3, December 1974.
- 9 U.S. Army Audit Agency, "Inventory Adjustment and Loss Reporting Systems - U.S. Army Training Center and Fort Dix," Audit Report: NE 75-18, 5 October 1974.
- 10 S. Gajdalo's Report of Travel to the National Capital Region 26-27 November 1974, dated 18 December 1974.
- 11 Headquarters, U.S. Army Materiel Command, "Major Item Manager's Guide for System for Automation of Materiel Plans Army Materiel (SAMPAM)," AMCRP-PO, January 1974.

